

FEDERAL COMMUNICATIONS COMMISSION

Washington, D. C. 20554

JAN 13 2004

OFFICE OF  
MANAGING DIRECTOR

Jeff Compton  
Vice President Carrier Relations  
Telscape Communications, Inc.  
606 E. Huntington Drive  
Monrovia, CA 91016

Re: Request for Waiver of FY 2002 Regulatory Fees  
Fee Control No. 00000RROG-04-002

Dear Mr. Compton:

This is in response to your request dated September 19, 2003, filed on behalf of Telscape Communications, Inc. (Telscape), for a waiver of the late payment penalty associated with fiscal year (FY) 2002 regulatory fees on the grounds of financial hardship. Our records reflect that you have paid the \$3,952.60 FY 2002 regulatory fee for Telscape and the \$988.15 late payment penalty.

In your request you explain that Telscape is a start-up competitive local exchange carrier serving customers in the inner city markets of Los Angeles and San Diego, and that about 80 per cent of your customers are participants in California's Universal Lifeline Service Program. As such, you state that Telscape is heavily dependent for its cash flow on reimbursement of the Universal Service Lifeline subsidy from the state of California. You indicate that initially California's partial payments were delayed by California's lack of a state budget. You then note that Telscape did not receive final payment for services rendered until August 2003, fourteen months after Telscape had rendered and paid for the services. You have submitted financial statements showing your revenues and expenses for 2002 and October 30, 2001 to December 31, 2001, plus a breakdown of the expenses for 2002, establishing cash flow shortages for those time periods. Further you have stated that none of the owners of the corporation were paid any salaries in 2002.

In establishing its regulatory fee program, the Commission recognized that in certain instances payment of a regulatory fee may impose an undue financial hardship upon a licensee. Thus, the Commission decided to grant waivers or reductions of its regulatory fees in those instances where a "petitioner presents a compelling case of financial hardship." Implementation of Section 9 of the Communications Act, 9 FCC Rcd 5333, 5346 (1994), reconsideration granted, 10 FCC Rcd 12759 (1995). The Commission further held that regulatees can establish financial need by submitting:

[I]nformation such as a balance sheet and profit and loss statement (audited, if available), a cash flow projection . . . (with an explanation of how calculated), a list of their officers and their individual compensation, together with a list of their highest paid employees, other than officers, and the amount of their compensation, or similar information.

10 FCC Rcd at 12761-2762.

In determining whether a licensee has sufficient revenues to pay its regulatory fees, the Commission relies upon a licensee's cash flow, as opposed to the entity's profits. Thus, although deductions for amortization and depreciation, which do not affect cash flow, and payments to principals, reduce gross income for tax purposes, those deductions also represent money which is considered to be available to pay the regulatory fee.

It appears from the documentation submitted that Telscape suffered a financial loss in 2002 without regard to its deduction for depreciation and that no payments were made to any principal of the corporation. Therefore, your request for a waiver of the late payment penalty and the regulatory fee for FY 2002 is granted. Although you have not requested waiver of the regulatory fee itself, in light of the Commission's stated policy, we will waive the regulatory fee as well. This waiver, however, is limited to the FY 2002 regulatory fee. If Telscape continues to experience financial hardship, you may request waivers of the fees for succeeding years accompanied by appropriate supporting documentation. A check, made payable to the maker of the original check, and drawn in the amount of \$4,940.75 will be sent to you at the earliest practicable time. If you have any questions concerning this matter, please contact the Revenue & Receivables Operations Group at (202) 418-1995.

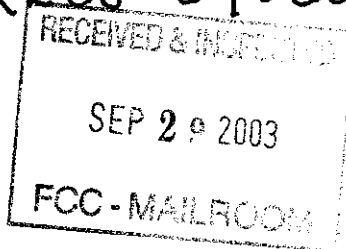
Sincerely,



*for* Mark A. Reger  
Chief Financial Officer



00000 R206-04-002



Jeff Compton  
Telscape Communications, Inc.  
606 E. Huntington Drive  
Monrovia, California 91016

September 19, 2003

Federal Communications Commission  
Office of the Managing Director  
445 12<sup>th</sup> Street, S.W. Room 1-A625  
Washington, D.C. 20554

Attention: Regulatory Fee Waiver/Reduction Request

Dear Commission:

On behalf of Telscape Communications, Inc. (Telscape), a request is being made for the waiver of the penalty portion of the 2002 regulatory fee assessment. Telscape is a start-up CLEC serving the Los Angeles and San Diego markets. Our charter is to serve the residential segment, specifically Spanish-language dominant Hispanic households in the inner city. About 80% of Telscape's customers are participants in the California Universal Lifeline Service program. Consequently, a substantial amount of Telscape's cash flow is dependent on reimbursement of the ULTS subsidy from the state of California. Hence, last year when California went almost 4 months without a budget Telscape did not receive partial payment for services rendered by the state of California for 6 months. The final payment by the state for services rendered was made in August of 2003, fourteen months after they were rendered and paid for by Telscape.

As a start-up, Telscape was extremely strapped for cash and predicted only enough cash on hand to cover minimal expenses until profitability was reached even with California's timely payments. When the state of California went delinquent and ultimately did not the bulk of payment for 6 months, Telscape was forced to take drastic internal actions. Programs and initiatives were halted. Eventually Telscape was also forced to under go the needless expense of arranging for a bridge loan if our bank balance dropped below zero.

Telscape is pleased to say that we made it through the tenuous time and we are now a more financially stable company vibrantly delivering services to the inner city and traditionally under served areas. It is with understanding of our past history of uncontrollable fiscal pressure and our internal spirit to continue necessary operations that Telscape respectfully asks for a waiver of the penalty assessed during our time of despair.

RECEIVED OCT 03 2003

Per the instructions, we have included the 2002 assessment and the 25% penalty assessment, however we praise the Commission for the return of the penalty fee.

We have included our cash flow statements for the period of the assessment. We will also provide any additional documents in which you need to assess the situation.

For any questions concerning this filing please do not hesitate to call or write.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeff Compton', with a long horizontal stroke extending to the right.

Jeff Compton

V.P. Carrier Relations

Telscape Communications, Inc.

626 415-1016 office

626 252-3490 mobile

**Federal Communications Commission  
Bill Collection**

*FOR INQUIRIES CALL*  
1-202-418-1995

Bill Number	Bill Date	Please write your bill number on your remittance.
<b>FY03CB0277</b>	<b>07/24/2003</b>	

Telscape Communications, Inc.  
606 E. Huntington Dr.  
Monrovia, CA 91016

*Payable to:*  
**Federal Communications  
Commission**  
*Send a copy of this bill to:*  
**Federal Communications  
Commission  
Revenue & Receivables Operations  
P.O. BOX 358835  
PITTSBURGH, PA 15251 - 5835**

Total Amount Due		Due Date
<b>\$4,940.75</b>	Total Amount Due Must Be Received By	<b>08/24/2003</b>

BILL FOR UNPAID 2002 FY REGULATORY FEE OF \$3,952.60 AND 25% PENALTY OF \$988.15  
FILER ID: 821266 FRN: 0005040522

**Please attach a copy of this bill to your payment to ensure proper credit.**

Payment Type Code	Quantity	Fee Due	
<b>0272</b>		<b>\$3,952.60</b>	<b>\$3,952.60</b>
<b>0299</b>		<b>\$988.15</b>	<b>\$988.15</b>
<b>Total Due</b>			<b>\$4,940.75</b>

Payment Method:    Check    ☐    (Attach)  
                          Credit card    ☐    (Complete Below)

☐ MASTERCARD    ☐ VISA    ☐ AMERICAN EXPRESS    ☐ DISCOVER

Account No.:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Expiration:

<table border="1"><tr><td></td><td></td></tr></table>			<table border="1"><tr><td></td><td></td></tr></table>		
Month	Year				

I hereby authorize the FCC to charge my MASTERCARD or VISA for the service(s) / authorization(s) herein described.

AUTHORIZED SIGNATURE

DATE



Bill Processing

Document Number FY03CB0277

FRN 0005040522

Telscape Communications, Inc.

F1 NEXT

F9 EXIT

11/17/2003 ARIPNLD

Attn: Margie

BILL EXISTS - YOU ARE IN MODIFY MODE - PRESS F9 TO EXIT

RAMIS ACCOUNTS RECEIVABLE SUBSYSTEM

(c) DSG, Inc.

Add/Modify Billing Information

Document Number FY03CB0277

FRN 0005040522

Telscope Communications, Inc.

Bill Date 07/25/03

Bill Amount \$4,940.75

Bill Type RECEIVABLE

Bill Paid \$4,940.75

Bill Due Date 08/24/03

Bill Balance Due \$0.00

Dunning Indicator Bill Cycle

Interest Due \$0.00

Referral Code Waiver

Penalty Due \$0.00

Print Seq # Waiver Date

Admin Chg Due \$0.00

Transaction Date 11/17/03 Acct Period 02

Total Due \$0.00

Bill Description

Line Item Sequence 001 BFY FUND PROG ORG PROJ BOC TYPE

Accounting Classification Code 2003 REGS 95 9500 412

Product No. 0272 Quantity 1 Item Amount \$3,952.60

Document Status p Item Paid \$3,952.60

Transaction Code Item Balance Due \$0.00

Reference Type Reference No. Line 000

Bureau File No.

Item Description FY 2002 REG FEE, CALL SIGN 821266

Fy Days 360 Rate 0.00

F1 NEXT F2 PREV F3 VERIFY F4 CRM

F6 SAVE F8 BACK F9 EXIT

11/17/2003 ARIPNL2

This bill has been paid

## RAMIS ACCOUNTS RECEIVABLE SUBSYSTEM

(c) DSG, Inc.

## Add/Modify Billing Information

Document Number FYD3CB0277

FRN 0005040522

Telscope Communications, Inc.

Bill Date 07/25/03

Bill Amount \$4,940.75

Bill Type RECEIVABLE

Bill Paid \$4,940.75

Bill Due Date 08/24/03

Bill Balance Due \$0.00

Dunning Indicator Bill Cycle

Interest Due \$0.00

Referral Code Waiver

Penalty Due \$0.00

Print Seq # Waiver Date

Admin Chg Due \$0.00

Transaction Date 11/17/03 Acct Period 02

Total Due \$0.00

Bill Description

Line Item Sequence 002

BFY FUND

PROG

ORG

PROJ

BOC TYPE

Accounting Classification Code

2003 08

91

9500

412

Product No. 0299

Quantity

1

Item Amount

\$988.15

Document Status P

Item Paid

\$988.15

Transaction Code

Item Balance Due

\$0.00

Reference Type Reference No.

Line 000

Bureau File No.

Item Description 25% PENALTY

Fy Days 350 Rate 0.00

F1 NEXT F2 PREV F3 VERIFY F4 CRM

F6 SAVE F8 BACK F9 EXIT

11/17/2003 ARIPNL2



AR012-A  
11/17/2003  
14:48:23

RAMIS ACCOUNTS RECEIVABLE - (c) DSG, Inc.  
RECEIPTS DETAIL REPORT  
SORTED BY TRANSACTION DATE, CD No., FEE CONTROL No.

PAGE 43  
11/17/2003  
14:48:23

CD No.	CD DATE	FEE CONTROL No.	FRN	PAYER NAME	TRANSACTION DATE	RECEIPT AMOUNT
560815	9/30/03	0309308190457001	0005869664	Word Broadcasting Network, Inc	10/01/03	\$195.00
Seq: 1 Call Sign: WOBSAMJACK FCC Code 1: FACID11127 FCC Code 2: 20030929AHY Tin Number:						
PTC: MGR QTY: 1 Applied Amt: 145.00						
Applicant Name: WORD BROADCASTING NETWORK INC						
Address: PO BOX 19859						
Seq: 2 Call Sign: FCC Code 1: FCC Code 2: Tin Number:						
PTC: MAF QTY: 1 Applied Amt: 50.00						
Applicant Name:						
Address:						
560815	9/29/03	0309308340099001A	0005040522	Telscape Communications, Inc.	10/07/03	\$4,940.75
560815	9/29/03	0903308340099002A	0004537619	Midvale Telephone Exchange, In	10/07/03	\$17.70
Total:				\$45,513.46		

RAMIS receipt

# Payment Transactions Detail Report

Date: 11/17/2003

BY: FEE CONTROL NUMBER

Fee Control Number	Payor Name	Fcc Account Number	Payer TIN	Received Date							
0309308340099001	TELSCAPE COMMUNICATIONS INC 606 EAST HUNTINGTON DRIVE  MONROVIA CA 91016	WP00067571		11/29/2003 00:00:00							
Payment Amount	Current Balance	Seq Num	Payment Type Code	Quantity	Callsign Other Id	Applicant Name	Applicant Zip	Bad Check	Detail Amount	Trans Code	Payment Type
\$4,940.75	\$4,940.75	1	0272	1	FY03CB0277	TELSCAPE COMMUNICATIONS INC	91016		\$3,952.60	1	PMT
\$4,940.75	\$4,940.75	2	0299	1	FY03CB0277	TELSCAPE COMMUNICATIONS INC	91016		<del>—</del> \$988.15	1	PMT
Total	2										\$4,940.75

Collections receipt



## Payment Search Detail

Fee Control Number	Payor Name	Payment Amt	Overage Amt	R
0309308340099001	TELSCAPE COMMUNICATIONS	\$4,940.75	\$0.00	
9603148130132005	O CONNOR & HANNAN L L P	\$45.00	\$0.00	
9705198155227002	BAY AREA CABLEVISION INC	\$190.00	\$0.00	

Credit Card Info

Payor Info

End Check Info

Changer Info

Acct Info

☒ Also Show JV'd transactions

Move to Unapplied

FCC Code Info

Applicant Info

Treasury Info

Modify Payment

Close

Sequence	Quantity	Payment Type Code	Payment Amount	Trans Code	CallSign Other Id	Treasury Symbol
1	1	0272	\$3,952.60	PMT	FY03CB0277	27X6088
2	1	0299	\$988.15	PMT	FY03CB0277	27X6088

Print Screen

Start



Microsoft Office Shortcut ...

FCC Collection System ...



2:30

Payment Search Detail

Payment Amt	Overage Amt	Remittance ID	Payment Type	Date Recvd	CD
\$4,940.75	\$0.00	6965	CHECK	09/29/2003	560815
\$45.00	\$0.00	6965	CHECK	03/13/1996	779931
\$190.00	\$0.00	6966	CHECK	05/15/1997	548326

Payment Type Code	Payment Amount	Trans Code	Call Sign	Treasury Symbol	Date Last Changed	Initials
0272	\$3,952.60	PMT	Y43C80277	27X5088	10/02/2003	LBJ
0299	\$1988.15	PMT	Y43C80277	27X5088	10/02/2003	LBJ

☐ Also Show JV'd Transactions  
☐ Show to Disposition  
☐ FCC Code Info  
☐ Application Info  
☐ Treasury Info  
☐ Monthly Payment

Page 2/3

Sent By: POINTECOM;

**Federal Communications Commission  
Bill Collection**

**FOR INQUIRIES CALL**  
1-202-418-1995

**Bill Number**

**Bill Date**

**FY03CB0277**

07/28/2003

Please write your bill number on your remittance.

**Telscape Communications, Inc.**  
606 E. Huntington Dr.  
Monrovia, CA 91016

**Payable to:**  
**Federal Communications**  
**Commission**

**Send a copy of this bill to:**  
**Federal Communications**  
**Commission**  
**Revenue & Receivables Operations**  
**P.O. BOX 358340**

**PITTSBURGH, PA 15251 - 5340**

**Total Amount Due**

**\$4,940.75**

**Due Date**

08/28/2003

**Total Amount Due Must Be Received By**

BILL FOR UNPAID 2002 FY REGULATORY FEE OF \$3,952.60 AND 25% PENALTY OF \$988.15  
FILER ID: 821266 FRN: 0005040522

**Please attach a copy of this bill to your payment to ensure proper credit.**

Payment Type Code	Quantity	Fee Due	
0272		\$3,952.60	\$3,952.60
0299	AL-6	\$988.15	\$988.15
New - Company -		Total Due	\$4,940.75

**Payment Method:**      **Check**      ☐      **(Attach)**  
                                  **Credit card**      ☐      **(Complete Below)**

☐ MASTERCARD    ☐ VISA    ☐ AMERICAN EXPRESS    ☐ DISCOVER

**ECORIS No :**

[illegible]

Date Received:

GR Code:

Date Entered:

Dept Approval:

Date Paid:

Check No.

## ប្រែប្រួល

Month

**YCDJ**

I hereby authorize the FCC to charge my MASTERCARD or VISA for the service(s) / authorization(s) herein described.

**HORIZED SIGNATURE**

DATE:

1/10 www.~~se~~ FCC.gov - Fu

**Tom Putnam**

---

**From:** Tom Putnam  
**Sent:** Monday, November 17, 2003 4:50 PM  
**To:** 'mstanford@telscape.net'  
**Subject:** Telscape waiver request

Hello Mae,

In addition to the copy of the bill please review the following concerning your waiver request.

The Commission has stated that it will waive, reduce, or defer regulatory fees in those instances where a petitioner presents a compelling case of financial hardship. See Implementation of Section 9 of the Communications Act, 9 FCC Rcd 5333, 5346 (1994), on recon, 10 FCC Rcd 12759 (1995). The Commission has stated that regulatees can establish financial hardship by submitting:

information such as a balance sheet and profit and loss statement (audited, if available), a cash flow projection . . . (with an explanation of how calculated), a list of their officers and their individual compensation, together with a list of their highest paid employees, other than officers, and the amount of their compensation, or similar information. 10 FCC Rcd at 12761-12762.

To support Telscape's claim of financial hardship, you need to provide us with such information. Please e-mail, fax, or send me the additional information.

If you have any questions, please do contact me. Thank you.

Tom Putnam  
Accountant  
Revenue & Receivables Operations Group  
Phone 202-418-2992  
Fax 202-418-2843

\*\*\* Non-Public: For Internal Use Only \*\*\*

11/18/2003

